

CALIFORNIA ENERGY COMMISSION

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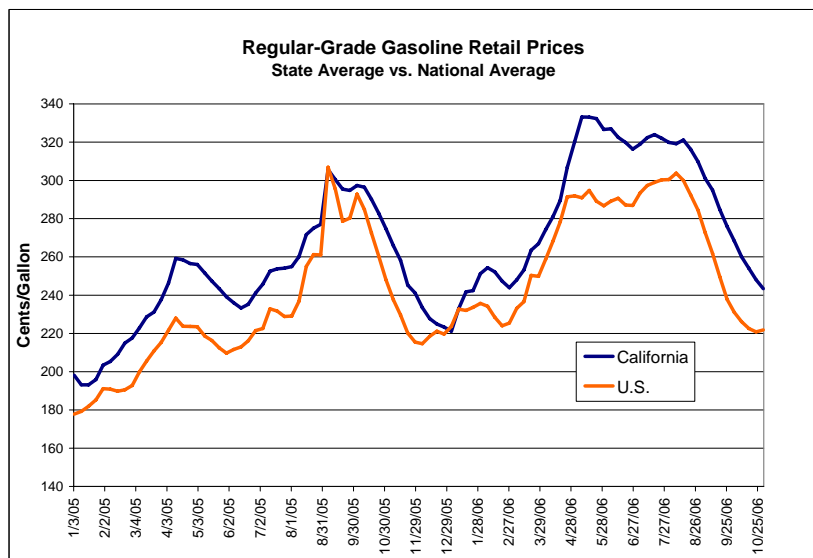
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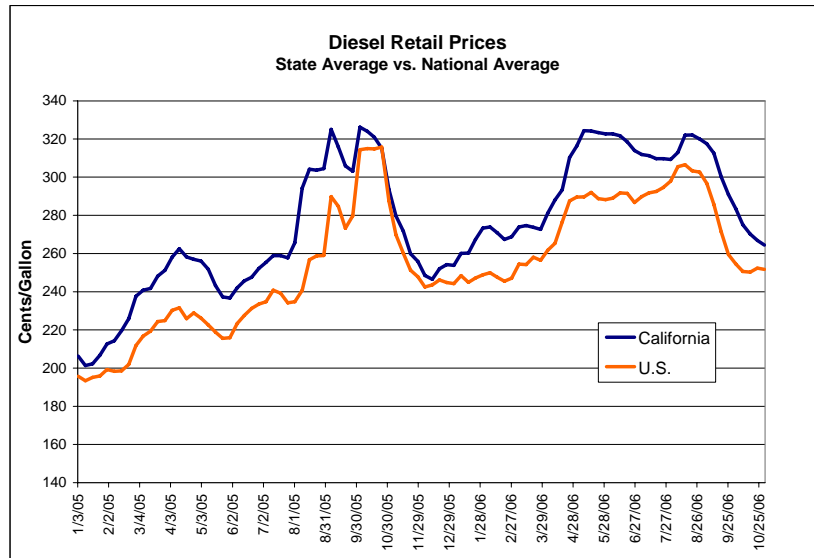
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**Petroleum Watch****November 3, 2006*****Retail Gasoline and Diesel Prices on October 30***

- For the eleventh consecutive week, California gasoline prices have fallen. The average statewide **retail price for regular-grade gasoline** dropped 5 cents to \$2.43 per gallon, 90 cents less than the record high of \$3.33 on May 8.¹
- The difference between California and U.S. retail gasoline prices decreased 6 cents to 22 cents per gallon. U.S. prices rose to \$2.22 per gallon, a penny more than last week, ending an uninterrupted decline of 83 cents since August 7.



- The average California **retail diesel price** fell by 2 cents from the previous week to \$2.65 per gallon. At the same time, the U.S. retail diesel price fell a penny per gallon, reducing the difference between California and U.S. prices to 13 cents per gallon.

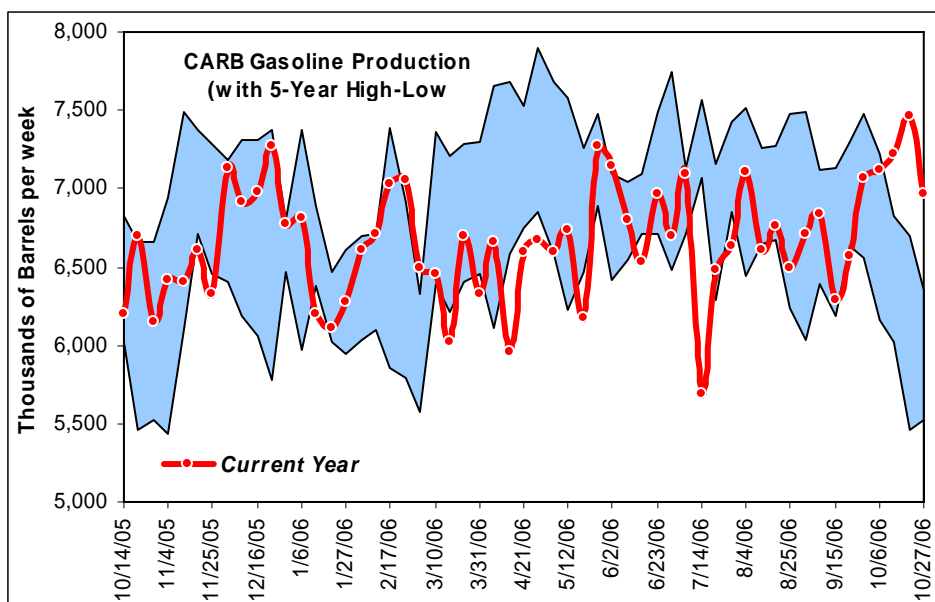


Wholesale Gasoline and Diesel Prices on November 1

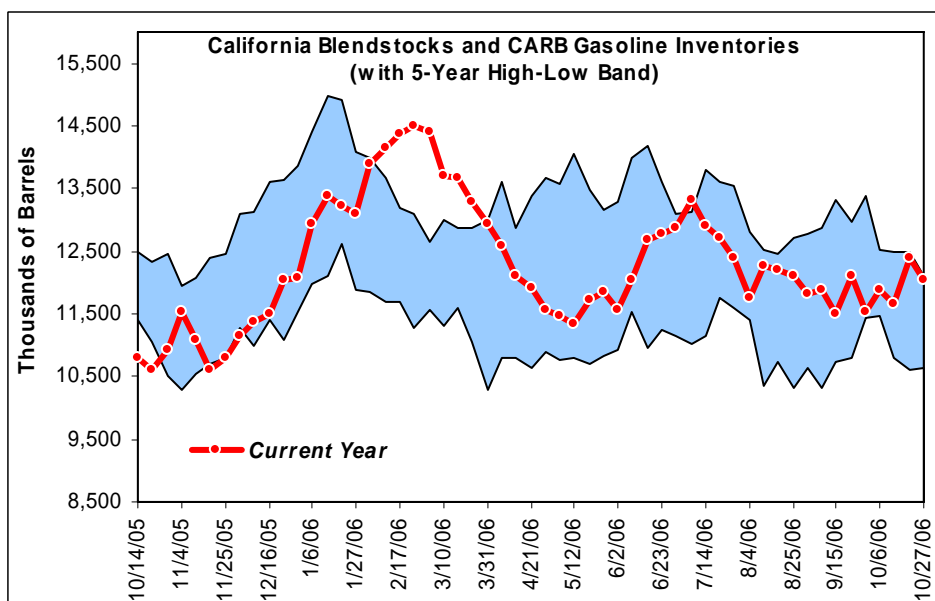
- California spot **wholesale gasoline prices** for regular-grade reformulated blendstock for oxygenate blending (RBOB) increased 2 cents over the last week to \$1.61 per gallon. Prices are \$1.36 lower than the record high of \$2.97 on May 2 and only 5 cents more than the 2006 low of \$1.56 on February 14.
- With the start of the fall refinery maintenance season gasoline and diesel production has declined, supporting wholesale gasoline and diesel prices in California this week.
- Spot prices for RBOB in Los Angeles are 15 cents higher than New York Harbor and 13 cents more than the Gulf Coast.
- California spot **wholesale ultra low-sulfur diesel prices** increased to \$1.80 per gallon this week, 6 cents more than the 2006 low of \$1.74 on February 15, and 88 cents lower than the record high of \$2.68 on May 3.
- California wholesale ultra low-sulfur diesel prices are 9 cents per gallon more than New York Harbor and 14 cents more than the Gulf Coast, compared to 1 cent and 7 cents more, respectively, on October 24.
- California gasoline ended the reporting week at 19 cents less than California diesel, compared to 17 cents less on October 24.
- The Energy Information Administration (EIA) weekly assessment for October 27 reports that **U.S. gasoline demand** decreased 0.1 percent from the previous week, while distillate demand increased 7.3 percent. The four-week average demand for gasoline is 9.39 million barrels per day, 5.0 percent more than last year's four-week average. The four-week average for U.S. distillate demand is 4.43 million barrels per day, 9.6 percent more than last year. However, last year's U.S. fuel demand levels were unusually low because of the impacts of Hurricane Katrina.

Refinery Production and Inventories

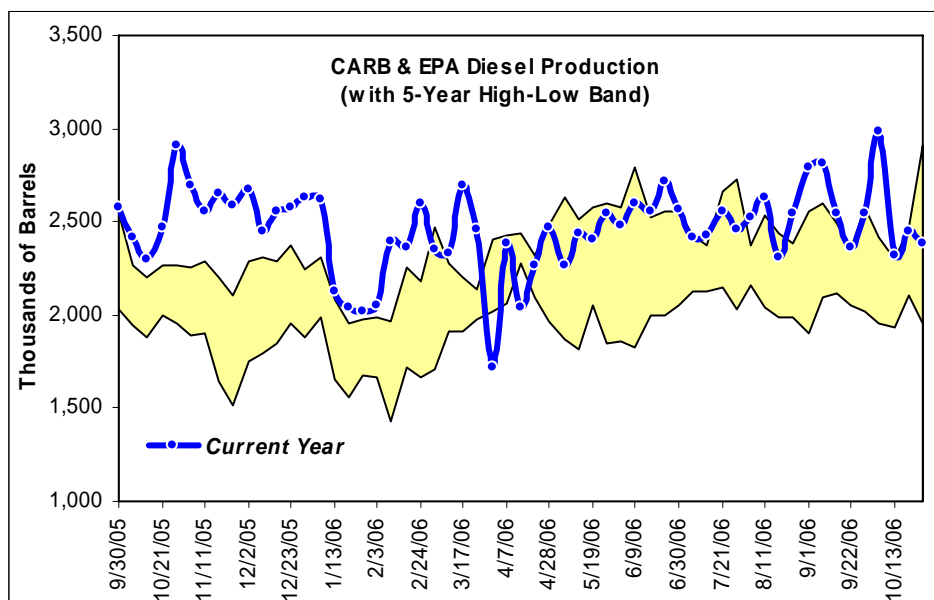
- Reformulated gasoline production in California for the week ending October 27 decreased 6.7 percent from the previous week to 6.97 million barrels. Production levels remain well above the five-year range.ⁱⁱ



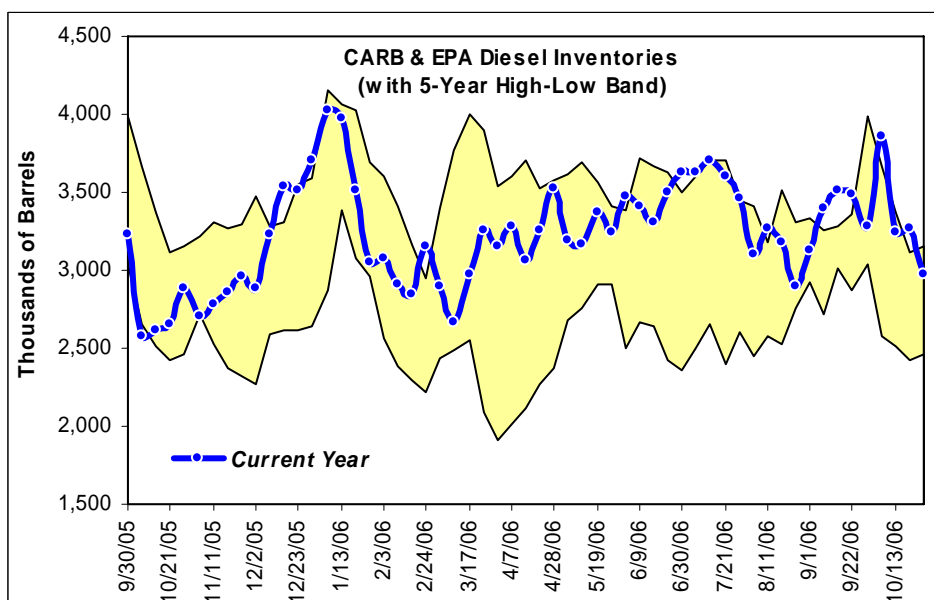
- California reformulated gasoline inventories decreased by 5.4 percent, and gasoline blendstock inventories fell by 0.9 percent during the last week. As a result, **combined inventories** of reformulated gasoline and gasoline blendstocks in the state **decreased by 2.9 percent** to 12.04 million barrels, remaining at the top of the five-year range.



- U.S. gasoline inventories decreased 2.8 million barrels to 204.6 million barrels as of October 27. While inventories increased in the Gulf Coast, they declined in all other regions of the United States.
- California **ultra low-sulfur diesel production** during the week ending October 27, including both California diesel and U.S. Environmental Protection Agency (EPA) diesel, decreased by 2.5 percent from the previous week to 2.38 million barrels. Output is 18.2 percent less than year-ago levels and dipping to the middle of the five-year range.

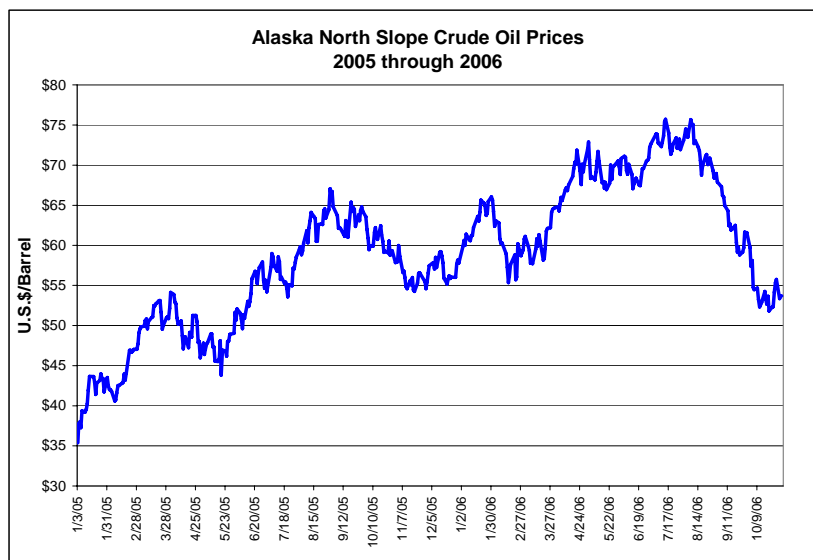


- Combined **ultra low-sulfur diesel inventories** in California decreased by 9.0 percent from the previous week to 2.98 million barrels but are still near the top of the five-year range. Total U.S. distillate inventories as of October 27 decreased to 141.3 million barrels, 2.7 million barrels less than the previous week. While East Coast distillate inventories were unchanged, they declined in all other regions of the United States.



Crude Oil Prices and Inventories

- West Coast prices for Alaska North Slope (ANS) crude oil, an important refinery feedstock for California, rose slightly over the past week following the OPEC agreement to cut production by 1.2 million barrels per day. However, prices then fell back after the Kuwaiti oil minister stated OPEC was unlikely to fully implement its cut in output by November 1 as originally planned and that effects on prices probably would not be felt until the middle or end of November. This factor, combined with a rise in U.S. crude oil inventories last week, caused ANS prices to drop to \$53.71 per barrel on November 1.ⁱⁱⁱ



- U.S. commercial crude oil inventories as of October 27 increased by 1.9 million barrels to 334.3 million barrels. Stocks are 15.1 million barrels higher than last year and 35 million higher than the five-year average. On the other hand, California crude oil stocks decreased, down 11.4 percent from the previous week to 15.3 million barrels.

ⁱ Spot wholesale and retail gasoline and diesel prices and U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.

ⁱⁱ California refinery production and inventory information is from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

ⁱⁱⁱ ANS crude oil prices are from *The Wall Street Journal*.